GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:869
ANSWERED ON:22.11.2002
INDUSTRIAL GROWTH
DUKHA BHAGAT;IQBAL AHMED SARADGI;RATNA SINGH

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the industrial growth rate has slowed to 2.3% during February, 2002 and further slowed to 4.9% during April to August, 2002 as compared to the same period of last year;

(b) If so, whether growth rate of industrial sector is continuously falling down for the last successive two years;

(c) if so, the factors responsible for this declining trend of industrial growth rate;

(d) the present rate of industrial growth in the country and the overall target fixed for the current year;

(e) whether current growth rate is sufficient to fulfil the objectives of the Government;

(f) if not, the reaction of the Government in this regard; and

g) the steps being taken by the Government to improve and achieve the desired target of industrial growth rate?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. RAMAN SINGH)

(a) to (c): The industrial growth was 2.4% during February 2002 as against 2.9% in February 2001. The industrial growth during April-August 2002 was 5% as against 2.4% during the corresponding period of last year. Indian industry which experienced slowdown during last two years is, however, showing recovery since the beginning of the current financial year (2002-03). As per the latest data available, Index of Industrial Production (IIP) has grown by 6.1% during September 2002 as compared to 2% registered during September 2001.

(d) to (g) : The industrial growth during April-September 2002 has been 5.2%. The Planning Commission, in its draft Tenth Plan has set an annual target of 10 % for industrial sector to achieve the Tenth Plan (2002-07) target of 8% GDP growth . The actual achievement of the targeted growth will, however, depend upon several factors which include the lagged impact of deficient rainfall this year and the pace with which economic recovery takes place in the world particularly U.S, Japan and European Union. The Government has already taken measures for creating an environment in which Industry can become efficient and competitive. Some of these measures are mentioned below:

Â§ Department of Industrial Policy and Promotion has entrustedsector-wise studies in respect of capital goods, pulp and paper and cement industries to organisations of international repute with a view to enhance the competitiveness of these industries.

Â§ The Government has announced guidelines for allowing 100% FDI in the development of integrated townships and regional urban infrastructure. This is expected to boost housing/real estate sector and also boost production in cement and steel sector.

Â§ To boost Foreign Institutional Investment (FII) in India, FII portfolio investments will not be subject to the sectoral limits for foreign direct investment except in specified sectors.

Â§ Kelkar Committee for Direct taxes and for Indirect taxes has recommended reforms, which are expected interalia to reduce transaction costs by 50%.

Â§ The RBI has continued its cheap money policy in its Mid-term review of monetary and credit policy for 2002-03. It has announced series of measures for developing technological and institutional infrastructure of the financial sector and for improving the credit delivery system.

Â§ The RBI has cut Cash Reserve Ratio (CRR) to 4.75 per cent from 5.0 percent, a move that will ease the liquidity position further.

Â§ The draft Electricity Bill has been introduced in the Parliament for facilitating comprehensive power sector reforms.

Â§ The Union Budget 2002-03 has made allocations towards some of the major schemes, which will boost demand especially in construction, housing, steel, and cement sectors. These schemes include PM`S Gram Sadak Yojana, Infrastructure Equity Fund,

Urban Reform Incentive Fund, City Challenge Fund, and Accelerated Power Development Reform Programme.

Â§ Sector-wise strategies to boost production for exports in key sectors, which include engineering/electronic/electrical and allied , textiles, gems & jewellery, chemicals & allied sector have also been announced in the Medium Term Export Strategy for 2002-07.